

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re	:	Chapter 11
	:	
DELPHI CORPORATION, et al.,	:	Case No. 05-44481 (RDD)
	:	
Debtors.	:	(Jointly Administered)
	:	
----- X		

RESPONSE TO
THIRD OMNIBUS CLAIMS OBJECTION
BY A-1 SPECIALIZED SERVICES & SUPPLIES, INC., CLAIMANT

Introduction

1. A-1 Specialized Services & Supplies, Inc. ("A-1") is a supplier of platinum, palladium and rhodium ("platinum group metals" or "PGM") to industrial users. In 2004, Delphi Automotive Systems LLC ("Delphi-A") agreed with A-1 to purchase PGM from A-1 for use in the manufacturing of automotive components. That agreement, attached as Exhibit A, continued to be in force at the time of the bankruptcy filing, October 8, 2005.
2. A-1 also reclaims PGM from automotive manufacturing scrap. On September 16, 2002, Delphi-A agreed with A-1 to purchase the reclamation services of A-1 to recover PGM from its automotive manufacturing scrap. That agreement, attached as Exhibit B, continued to be in force at the time of the bankruptcy filing, October 8, 2005.
3. When Delphi Corporation and its subsidiaries and affiliates ("Delphi") filed for bankruptcy, there were ongoing transactions between Delphi-A and A-1 involving both purchase of PGM by Delphi-A and purchase of reclamation services by Delphi-A, pursuant to these two

agreements. A-1 filed a timely Proof of Claim on November 17, 2005 that set forth certain obligations of Delphi-A to A-1 existing as of the filing date.

4. Delphi has now asserted to the court, in its Third Omnibus Claims Objection, that the A-1 claim is an "Unsubstantiated Claim," i.e., "not owing pursuant to the Debtors' books and records." Delphi seek dismissal of the A-1 claim. A-1 objects to such proposed dismissal of its claim and responds as follows.

Purchased PGM

5. On October 5, 2005, A-1 delivered 1000 troy ounces of palladium and 100 troy ounces of rhodium (the "Purchased PGM") into a certain metal account (the "Delphi PGM Account") at the PGM refiner Inco Limited, a Canadian corporation, pursuant to the 2004 PGM purchase agreement. This delivery of the Purchased PGM by A-1 to Delphi on October 5, 2005, was acknowledged by Inco Limited in writing to Delphi, with a copy to A-1, on that date. A copy of that acknowledgment is attached as Exhibit C.

6. A-1 promptly demanded the return of the Purchased PGM, and Delphi has refused such demand. A-1 asserts that it has adequately proven the obligation of Delphi to return such metal, and its claim should not be dismissed pursuant to the Third Omnibus Claims Objection.

Escrowed Surety PGM

7. Prior to October 8, 2005, Delphi had delivered to A-1 a certain amount of automotive manufacturing scrap, pursuant to the 2002 PGM reclamation contract. As a part of that contract Exhibit B, page 2, clause entitled "Letter of Credit"), A-1 had deposited an amount of PGM into the Delphi PGM Account at Inco Limited specifically to provide an assurance to Delphi that its automotive manufacturing scrap in the possession of A-1 would be properly processed, reclaimed for and returned to Delphi, and to provide Delphi with a set-off if A-1 failed to return

reclaimed PGM. The PGM deposited by A-1 prior to October 8, 2005, and remaining in the Delphi PGM Account on that date (the "Escrowed Surety PGM"), was:

500 troy ounces of platinum
3000 troy ounces of palladium
200 troy ounces of rhodium

8. A-1 filed a timely proof of claim in this bankruptcy proceeding that included the Escrowed Surety PGM, seeking its return. Delphi has acknowledged the existence of the Escrow Surety PGM, and the ownership of the Escrow Surety PGM by A-1, and has proposed to direct Inco Limited to transfer it to a metal account of A-1 at Inco Limited. A-1 will accept such transfer by Delphi of the Escrow Surety Metal, and will release its set-off against Delphi's automotive manufacturing scrap in an equivalent amount of PGM, provided that such exchange is approved by the Bankruptcy Court.

9. In the absence of such a court-approved transfer of the Escrowed Surety PGM to A-1, A-1 asserts that it has adequately raised and proven the obligation of Delphi to return the Escrow Surety PGM to A-1, and its claim should not be dismissed pursuant to the Third Omnibus Claims Objection.

Conclusion

10. For the reasons set forth above, the obligations of Delphi to A-1 are legitimate, valid and both proven and openly acknowledged by both parties. They are not Unsubstantiated Claims and should not be dismissed pursuant to the Third Omnibus Claims Objection.

Dated: Croydon, Pennsylvania
November 22, 2006

A-1 Specialized Services & Supplies, Inc.

By: 

Ashok Kumar, Owner
P.O. Box 270
Croydon, PA 19021
(215) 788-9200

Certification of Service

The foregoing response of A-1 Specialized Services & Supplies, Inc. was sent to the following on November 22, 2006:

Original in paper form, and as a Microsoft Word file on a 3.5 inch disk
by hand delivery and Federal Express

United States Bankruptcy Court
Southern District of New York
One Bowling Green
New York, NY 10004

Attn: Clerk of the Court

Copy in paper form
by hand delivery and Federal Express

Honorable Robert D. Drain
United States Bankruptcy Court
Southern District of New York
Room 610
One Bowling Green
New York, NY 10004

Copy in paper form
by Federal Express

Skadden, Arps, Slate, Meagher & Flom LLP
333 West Wacker Drive
Suite 2100
Chicago, IL 60606

Attn: John Wm. Butler, Jr.

Copies in paper form
by United States mail

Delphi Corporation
5725 Delphi Drive
Troy, MI 48098

Attn: General Counsel

Simpson, Thatcher & Bartlett LLP
425 Lexington Avenue

New York, NY 10017

Attn: Kenneth S. Ziman

Davis, Polk & Wardwell
450 Lexington Avenue
New York, NY 10017

Attn: Donald Bernstein and Brian Resnick

Latham & Watkins LLP
885 Third Avenue
New York, NY 10022

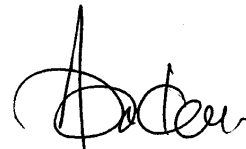
Attn: Robert J. Rosenberg and Mark A. Broude

Fried, Frank, Harris, Shriver & Jacobson LLP
One New York Plaza
New York, NY 10004

Attn: Bonnie Steingart

Office of the United States Trustee
for the Southern District of New York
33 Whitehall Street
Suite 2100
New York, NY 10004

Attn: Alicia M. Leonhard



Ashok Kumar
P.O. Box 270
Croydon, PA 19021
(215) 788-9200

" EXHIBIT - A " 2 PAGES

12/1/04

**Platinum Group Metals Supply Agreement
Between Delphi Automotive Systems LLC and A-1 Specialized
Services**

This Platinum Group Metals Supply Agreement (this "Agreement") is dated as of December 01, 2004 by and between A1 Specialized Services ("Seller") and Delphi Automotive Systems LLC ("Buyer").

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Seller agrees to sell, and Buyer agrees to purchase Platinum Group Metals on the following terms:

Period of Delivery: Purchases and sales pursuant to this Agreement shall commence on January 1, 2005 and shall continue indefinitely. Either party can terminate this Agreement by giving written notice to the other party by December 31 of then current contract year with such termination will be effective on the December 31 of the third year after date of notice (for example, notice given on December 31, 2006 would be effective December 31, 2009).

Materials:

Palladium sponge 99.95% purity per ASTM standards
Rhodium powder 99.90% purity per ASTM standards

Delivery Location: Delphi pool account at INCO Acton England.

Quantities:

Palladium: 500 toz per month, with an option to declare an additional 3250 toz per month.
Rhodium: 100 toz per month with an option to declare an additional 650 toz per month.

Declarations: Buyer shall declare all optional quantities by the 20th day of the month prior to the start of the pricing period.

Date for Delivery of each Monthly Installment Delivery into Delphi pool account to be made within the first 5 calendar days of the month.

12/01/04
Page 1

du.
Thank
Cunr
Thanks, Jim

92f
12/7/04

" EXHIBIT - A " 2 PAGES

Prices: Palladium: Average of the LPPM afternoon fixes of the month prior to the month of delivery minus \$1.00 USD per toz.
Rhodium: Average of the Johnson Matthey 9:30 AM Eastern Standard Time North American morning price of the month prior to the month of delivery minus 1.5%.

③


Payment: Via wire transfer Net 30 days in USD to Seller's nominated account after receipt of the goods to Delphi pool account.

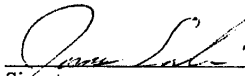
Amendments: Terms and conditions of this agreement are in addition to Delphi standard terms and conditions as reflected on the back of the Delphi purchase order (the "Delphi Terms"). Should any conflict exist between the terms of this Agreement and the Delphi Terms, these additional terms shall govern.

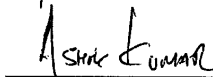
Acknowledged and agreed to as of December 1, 2004.

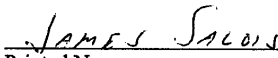
For A-1 Specialized Services

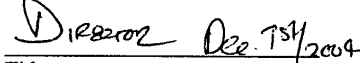
For Delphi Automotive Systems

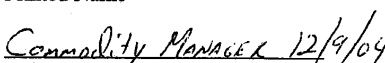

Signature


Signature


Printed Name


Printed Name


Title


Title

JRS
12/9/04

"EXHIBIT - B 3-PAGES"

DELPHI
Automotive Systems

Attn: Kumar 215-788-9222
Company: A-1 Specialized Services
From: Brett Lendzion
Company: Delphi-A
Date: 9/16/02
Subject: Award Letter

CONGRATULATION! A-1 Specialized Services has been awarded a 5-year contract to supply Delphi Corporation's Global PGM Re-claim requirements. Delphi looks forward to continuing our positive relationship.

Following are the agreed upon terms for Delphi Florrange, Delphi Tulsa, and Delphi Port Elizabeth.

**Monolith
Return Rate's**
Pt 98%
Pd 98%
Rh 85%

**Dry Powder
Return Rate**
Pt 98%
Pd 98%
Rh 85%

Treatment Charge/lb.: \$.90-year 1
\$.90 -year 2, \$ 0.89 -year 3
\$0.89-year 4, \$ 0.86-year 5

Treatment Charge/lb.: \$ 1.04 -year 1
\$1.04 -year 2, \$1.03 year 3
\$1.03 -year 4, \$1.01 year 5

Days return after receipt: 70

Days return after receipt: 70

Transportation: Delphi will deliver to
A-1 collection point.
Drop off: Inco or Common Vault

Transportation: Delphi will deliver to
A-1 collection point.
Drop off: Inco or Common Vault

Refining Charges
Pt \$ 8.00
Pd \$ 6.00
Rh \$ 45.00

Refining Charges
Pt \$ 8.00
Pd \$ 6.00
Rh \$ 45.00

EXHIBIT - B 3-PAGES

④

South Africa: A-1 agrees to reclaim the total amount of South African re-claim within region and give our metal back at Impala-Springs by pool account location transfer. (without breaking the South African point of origin for the metal)

Letter of Credit - A-1 agrees to deposit and maintain a minimum of \$2 million – and a maximum of \$ 2.5 million of Platinum, Palladium, Rhodium sponge in Delphi 's account. The value of the metal will be calculated by the prior month average of the LPM fix for Pt and Pd and the JMNA for Rh. Delphi and A-1 agree that this is a mix between approximately 3,000 to 4,000 toz. A-1 will have a "window" of opportunity to change the mix during the last 5 days of each month. A-1 will give Delphi a 30 day notice of any requested change in metal quantities during this "window". The suggested target levels will be approx 1,500 Pt, 1,500 Pd, and 500 Rh. Delphi has the right to refuse any proposed change to the metal quantities and mix. Delphi agrees to return the exact quantity of PGM sponge (3000 - 4,000 toz) regardless of any market gains/losses to A-1 two days after termination to the contract. The first deposit of metal will be completed by October 31, 2002.

Tenure: 5 year contract. Starting 10/1/02 through 12/31/03. Year 2 - 1/1/04 through 12/31/04, Year 3 ~ 1/1/05 through 12/31/05, Year 4 - 1/1/06 through 12/31/06, Year 5 – 1/1/07 through 12/31/07.

Delphi reserves the right to benchmark all costs throughout the contract period.

Delphi agrees to split 50%/50% all cost savings initiatives by Value Chain activities.

Payment:

A-1 will provide a settlement invoice upon receipt of assay results. Delphi will reconcile the statement and calculate the quantity of PGM to be retained by A-1 as payment (based on London PM Fix monthly average) and provide settlement instructions to A-1. A-1 promptly executes pool account transfer after receipt of delivery instructions from Delphi.

Terms and Conditions:

The Terms and Conditions of this agreement are in addition to Delphi's standard terms and conditions as reflected on the back of the Delphi purchase order. Should any conflict exist, these additional terms shall be considered suprceding those on the purchase order.

A-1 and Delphi agree to Global Reclaim Procedures dated September 1,2002.

In addition A-1 has provided pricing for the following:

Wichita Falls

Targets

Inks

Sweeps

Bead Blast

Terms

99% return/ \$7.50 per to returned

97% return/\$7.50 per to returned

99% return/\$7.50 per to returned

Identical to above monolith terms

Days

immediate after settle

immediate after settle

immediate after settle

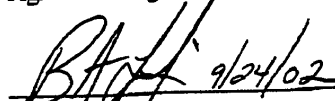
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"EXHIBIT - B - 3 PAGES"

Rags	Identical to above monolith terms	120
Pt spacers	99% return/\$7.50 per to returned	immediate after settle
Flint	Terms	Days
Trash	Identical to monolith terms	120
Monoliths	Identical to monolith terms	70
Center Wire	net wt*0.076 Pt and 0.0076 Pd	120
Oxygen Sensors	net wt*0.002 Pt and 0.0002 Pd	120
Pt Tip Shells	net wt*0.002 Pt and 0.0002 Pd	120
Spark Plug	net wt*0.004 Pt and 0.0004 Pd	120
Pt/Pd Wire	97% returned/\$ 7.50 to returned	immediate after settle

The above quote also covers **Delphi Australia, Milwaukee, Delphi India, Delphi Brazil and Delphi China**. Delphi is responsible for the shipping cost to the closest A-1 collection point for these locations.

Agreement signed:


Brett Lenzion
Commodity Manager
Delphi Global Purchasing



Ashok Kumar
A-1 Specialized Services

Cc: Ron Sadler, Eric Sandford

Number of pages to follow:

0

Phone Number:

(248) 813-8056

Fax Number:

(248) 813-8042

10/5/05 16:03

+44 (020 8453 0703

INCO Europe

CHRIS MOREY → A. KUMAR

1/1

"EXHIBIT-C"

INCO

INCO PRECIOUS METALS REFINING SERVICES

ACTON REFINERY, BASHLEY ROAD, LONDON NW10 6SN

TEL. 0208 453 9310 FAX 0208 453 0307

EMAIL cmorey@inco.com

TO: DELPHI CATALYST
ATTN: ANITA SMITH
COPY: KUMAR (A-1)
DATE: 5TH OCTOBER 2005

AT THE REQUEST OF A-1 SPECIALIZED SERVICES & SUPPLIES, WE HAVE
TRANSFERRED INTO YOUR ACCOUNT THE FOLLOWING QUANTITIES OF
METAL FOR VALUE DATE 5TH OCTOBER 2005.

METAL	TR OZS
PALLADIUM	1,000.000
RHODIUM	100.000

KIND REGARDS

CHRIS MOREY

INCO PRECIOUS METALS REFINING SERVICE